

ROD GRAMS
MINNESOTA

COMMITTEES:

BANKING, HOUSING, AND URBAN AFFAIRS

ENERGY AND NATURAL RESOURCES

FOREIGN RELATIONS

JOINT ECONOMIC

United States Senate

WASHINGTON, DC 20510

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June 26, 1997

The Honorable Reed E. Hundt
Chairman, Federal Communications Commission
1919 M Street, N.W. Suite 814
Washington, D.C. 20554

Dear Chairman Hundt:

When Congress passed the Telecommunications Act of 1996 last year, I strongly supported this historic legislation, which provides a new era of communications competition -- characterized by new service choices and the continued development of a world-class communications infrastructure. I am concerned, however, that the FCC orders on universal service and access reform may jeopardize affordable access to the telephone network in rural and high-cost areas.

While the Commission adopted a plan for the customers served by small, rural telephone companies, it postponed work on a federal fund to support high-cost customers served by larger telephone companies. This 18-month delay, coupled with imminent access charge reductions, jeopardizes continued network investment, service enhancements and affordable telephone rates in rural America. In Minnesota, this is of particular concern to the large number of high-cost households in my state.

As network access fees paid by long distance carriers to local telephone companies decline and competition for business customers reduces the subsidies that support affordable telephone service in high-cost areas, state public utility commissions will come under increasing pressure to find a way to bridge the subsidy gap. Without an adequate federal universal service fund, larger companies serving rural customers will have the unenviable task of either asking the state public utility commissions for significant local rate increases or reducing investment in the telephone network.

Decreased network investment and increased telephone rates would have a devastating effect on economic development opportunities in rural Minnesota and elsewhere. For these reasons, I believe the solution is a combined national universal service fund that is based on interstate and intrastate telecommunications revenues, and that covers 100 percent of the subsidy needed to keep phone rates affordable for high-cost customers.

In your work on the Joint Board, I urge you and the other Joint Board Members to support the creation of a combined federal fund

that fulfills Congress' mandate for affordable universal
telephone service in rural, high-cost areas.

Sincerely,

A handwritten signature in black ink, appearing to read "Rod Grams", written over the word "Sincerely,".

Rod Grams
United States Senator

BRUCE F. VENTO
4TH DISTRICT, MINNESOTA

700 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-2304
(202) 225-8831

DISTRICT OFFICE:
GALTIER PLAZA
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ST. PAUL, MN 55101
(612) 228-4500

HOUSE COMMITTEE ON
RESOURCES

HOUSE COMMITTEE ON
BANKING AND
FINANCIAL SERVICES

Congress of the United States
House of Representatives
Washington, DC 20515-2304

July 30, 1997

The Honorable Reed E. Hundt
Chairman
Federal Communications Commission
1919 M St NW Rm 814
Washington, D.C. 20036-3505

Dear Chairman Hundt:

As representatives of both urban and rural congressional districts in Minnesota, we are writing to express our views on universal service and the need for a national commitment to sustain affordable access to telephone service in high-cost areas.

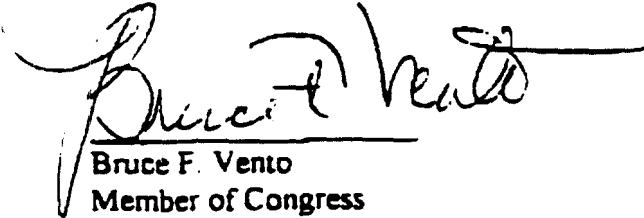
It is our understanding that the FCC's recent universal service order concluded that 75% of the burden for keeping rates affordable in rural areas should fall to the states. In the face of declining subsidies that have historically supported telephone service for high-cost customers, we feel this burden may be too much to bear for many states - especially those with large rural areas. The ramifications of such a policy are higher phone rates, reduced network investment and a deepened divide between information haves and have nots.


We believe universal support is a shared state/federal responsibility. As such, the Joint Board should recommend that the Commission set up a national high-cost fund that is based on both interstate and intrastate telecommunications revenues and that supports 100% of the subsidy required to keep rates affordable in rural, high-cost areas. Dollars from the fund should go where they're needed most, and all companies serving high-cost customers should be eligible to receive support.

A strong, national telecommunications infrastructure benefits everyone. Whether you live in New York City or Fergus Falls, Minnesota, each of us depends on clear telephone connections to friends, family members and business associates. In addition to affordable access for rural customers, a combined federal universal service fund will ensure the vitality of the public telephone network as service providers will have continued incentive to invest in this critical backbone.

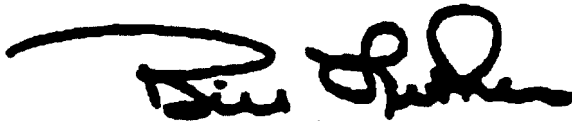
We appreciate your work on the Universal Service Joint Board, and we urge you to support a national high-cost fund.


Sincerely,

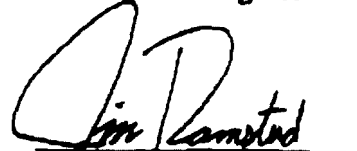

Bruce F. Vento
Member of Congress



Martin Olav Sabo
Member of Congress

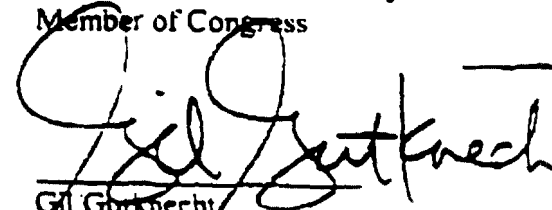

Collin C. Peterson
Member of Congress


Bill Luther
Member of Congress


James L. Oberstar
Member of Congress


Jim Ramstad
Member of Congress


David Minge
Member of Congress


Gil Gorknecht
Member of Congress

Congress of the United States

Washington, DC 20515

July 17, 1997

**Chairman Reed E. Hundt
Chairman, Federal Communications Commission
1919 M Street, NW, Suite 814
Washington, D.C. 20554**

Dear Chairman Hundt:

As you continue your important work to reform our nation's universal service system, we urge you to move quickly in fulfilling the goals of the Telecommunication Act of 1996 by establishing a national high-cost fund that helps all telephone customers in need of support.

It is our understanding that the Federal Communications Commission (FCC) addressed the universal service needs of only a fraction of the telecommunications industry in its May order. The FCC directed local phone companies to reduce their access charges to long distance carriers, while protecting customers served by small, rural telephone companies. However, the Commission postponed until January 1999, the establishment of a federal fund to support high-cost customers served by larger telephone companies. In Arizona, for example, this funding gap affects nearly 87 percent of the state's high-cost households.


As the access charge subsidies that support today's affordable phone rates decline, many telephone companies and state public utility commissions will find it increasingly difficult to sustain current residential phone prices and network investment levels without a high-cost support mechanism in place. Congress' goal of affordable access to advanced communications technology is jeopardized in the interim.

While the Commission's order calls for state commissions to bear 75% of the universal service burden on their own, you acknowledged before the Senate Commerce Committee: "I also think we have the legal authority to have a merged intra-interstate fund supervised by the FCC...." However, a federal universal service fund that pays only 25 cents on every dollar of high-cost telephone service will elevate current telephone rates and constrain network investment levels, particularly in rural states where the cost of providing service is high and the population densities are low.

We ask that you address this problem as quickly as possible. Universal service is a shared state/federal responsibility, and the creation a fund such as a national universal service fund, based on intrastate and interstate telecommunications revenues, would keep rates affordable in high-cost areas.

Thank you for your attention to this matter. We look forward to watching your progress in the months ahead.

Sincerely,



MATT SALMON
Member of Congress



ED PASTOR
Member of Congress



BOB STUMP
Member of Congress



JOHN SHADEGG
Member of Congress



JIM KOLBE
Member of Congress



J. D. HAYWORTH
Member of Congress

**SEN. PETE V. DOMENICI
SEN. JEFF BINGAMAN**

**REP. JOE SKEEN
REP. STEVE SCHIFF
REP. BILL REDMOND**

Congress of the United States

**NEW MEXICO CONGRESSIONAL
DELEGATION OFFICE**

**434 HSOB
WASHINGTON, D.C. 20510
(202) 224-3330**

September 4, 1997

**Federal-State Joint Board
Universal Service Division
Common Carrier Bureau
2100 M St., Room 8601
Washington, DC 20544**

Dear Joint Board Member:

As representatives of a largely rural state, we are concerned with the initial direction the Federal Communications Commission (FCC) has taken in reforming the Universal Service Fund (USF). Universal Service has been a national priority for over 60 years and we believe the FCC's May 7, 1997, order has the potential to have a serious impact on our constituents' telephone rates.

The USF has enabled our country to develop a telephone system which provides affordable service to all Americans--no matter where they choose to live and work. In New Mexico, a strong national USF has assisted all of our telephone service providers in overcoming vast distances and lower population densities in order to provide affordable telephone service. While many states have an adequate telephone infrastructure to accommodate increases in telecommunications demand, New Mexico continues to rely heavily on the USF to assist in funding new infrastructure development and telephone services in rural, insular, and high-cost areas.

In its Universal Service Order, the FCC put New Mexicans at risk of higher telephone rates by placing 75 percent of the funding burden on the states. In New Mexico, this added burden could translate into a 13 percent surcharge on all telecommunications services. Clearly, this is a troubling thought for our constituency. While we understand your interests in avoiding jurisdictional conflicts, the overriding objective of a uniform and consistent universal service fund

must take precedence if congressional intent is to be recognized.

We are also concerned with the FCC's decision to discontinue providing universal service support to certain telecommunications providers. The FCC's decision to utilize a "company-wide" average of costs for serving telephone subscribers as a mechanism for determining universal service support could have serious negative ramifications to rural states like New Mexico. By utilizing such a large standard, not only will the order discontinue universal service support for many New Mexico rural subscribers, but it could also preclude certain providers from further developing telecommunications infrastructure in their rural, high-cost sectors.


We urge the Joint Board to reconsider the USF order and develop a national universal service fund which draws from both interstate and intrastate telecommunications revenues. While debating the Telecommunications Act of 1996, we believe it was clear that the United States Congress considered universal service as a national goal requiring a national commitment. We must have a universal service fund which supports 100 percent of the subsidy necessary to provide affordable, quality telephone service to all rural, high-cost areas.

We appreciate your attention on this important issue and look forward to your support of a national fund that protects rural telephone service and fulfills Congress' commitment to universal service.

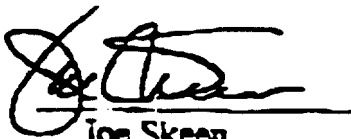
Sincerely,



Pete V. Domenici
United States Senator



Jeff Bingaman
United States Senator



Joe Skeen
Member of Congress



Steve Schiff
Member of Congress



Bill Redmond
Member of Congress

United States Senate

WASHINGTON, DC 20510

September 10, 1997

**The Honorable Reed Hundt
Chairman
Federal Communications Commission
1999 M. Street, NW
Washington, DC 20554**

Dear Chairman Hundt:

As representatives of a largely rural state, we are writing to express our concerns regarding recent decisions of the Federal Communications Commission (FCC). We strongly encourage you to keep the following concerns in mind as you continue your important work.

We are troubled that the FCC's recent Universal Service order, which concluded that 75% of the burden for keeping rates affordable in rural areas should fall to the states, will disproportionately create hardships for rural phone customers. The benefits of an efficient and cost effective national telephone system are shared by all users and should thus receive the support of all users. As you are aware, the transition to a competitive model, one of the goals of the 1996 Telecommunications Act, will result in more aggressive competition in highly concentrated urban markets. While we look forward to this benefit of telecommunications reform, we are committed to ensuring that affordable phone service to rural citizens, who are often elderly and homebound, is not compromised. We do not believe that it is fair for largely rural states to have to compensate for the loss of subsidies which were provided in the past.

Additionally, it is our understanding that the FCC has not yet allowed large telephone systems to participate in the Universal Service system. As you may know, a majority of our state's rural customers are served by such a provider. We are concerned about the impact of the FCC's decision to reduce the access charges of the large telephone service providers before making the Universal Service system widely available. Under the present FCC ruling, customers in Utah could bear the entire burden of access charge reductions until the Universal Service Fund addresses the loss of these implicit subsidies.

The Honorable Reed Hundt
September 10, 1997
Page 2

We look forward to your comments on these issues. Thank you for your assistance.

Sincerely,

Robert F. Bennett Quinn Hatch
John V. Hoffman Mark Cook
Cherie Lamm

WAYNE ALLARD
COLORADO

MAINT SENATE OFFICE BUILDING, SUITE 513
PHONE (202) 224-6961
FAX (202) 224-6671

BANKING, HOUSING, AND
URBAN AFFAIRS
ENVIRONMENT AND
PUBLIC WORKS
INTELLIGENCE
COMMITTEE

United States Senate

WASHINGTON, DC 20510-0606

December 15, 1997

The Honorable William E. Kennard
Federal Communications Commission
1919 M Street, N.W. Room 814
Washington, D.C. 20554

Dear Chairman Kennard:

I represent a western state that is particularly hard hit by the Federal Communications Commission's May 7 order on universal service. Congress stated explicitly in Section 254 of the Telecommunications Act that all Americans, regardless of where they live, should have access to affordable telecommunications services, and that this should be accomplished with a defined universal service support mechanism.

Unfortunately, the Commission's order threatens adequate telecommunications services in rural and other high cost areas. Rural telecommunications customers cannot be expected to assume the overbearing financial burden of an insufficient universal service fund. Moreover, I believe it is inappropriate to lay 75% of the burden of ensuring affordable phone service on the states. By limiting federal support to only 25%, the FCC is placing a burden on companies that provide service to more than one state by making them rely on each of the states separately to take action to provide funding.


I believe the 75%/25% split outlined in the Commission's May 7 order fails to adequately implement Section 254, and will deny access to affordable telecommunications service in Colorado. An adequate universal service fund should be large enough to maintain affordable, high quality telecommunications service throughout the western and mid-western United States.

Therefore, I request that the Commission immediately review its order on universal service and act to establish a fully funded national universal service fund which is available to all eligible telecommunications carriers, and that is supported on an equitable and nondiscriminatory basis through contributions by all intrastate and interstate telecommunications providers.

I understand the intense pressure the Commission is under to fully and fairly implement the various provisions of the 1996 Telecommunications Act. However, I urge the Commission to establish a mechanism that ensures all telecommunications providers contribute to the universal service support fund so that all Americans have access to affordable telecommunications services.

Thank you for your immediate consideration.

Sincerely,


Wayne Allard

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ENGLEWOOD, CO 80111
PHONE: 303-220-7414
FAX: 303-220-8126

3400 10TH STREET
SUITE 30
GREELEY, CO 80631
PHONE: 970-331-7583
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125 NORTH CHADLAK AVENUE
SUITE 100
COLORADO SPRINGS, CO 80903
PHONE: 719-534-8071
FAX: 719-535-2950

611 TWENTH BLVD.
5TH AND MAIN STREET
PUEBLO, CO 81003
PHONE: 719-645-8781
FAX: 719-645-0832

215 FEDERAL BLVD.
400 REED AVENUE
GRAND JUNCTION, CO 81501
PHONE: 970-245-8653
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DAVID E. SKAGGS
2ND DISTRICT, COLORADO

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WASHINGTON, DC 20515
(202) 225-3151

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WESTMINSTER, COLORADO 80030
(303) 650-7856

(HTTP://WWW.SKAGGS@HSE.HOUSE.GOV)



UNITED STATES
HOUSE OF REPRESENTATIVES

April 29, 1997

COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON INTERIOR
SUBCOMMITTEE ON COMMERCE, JUSTICE
STATE AND THE ARMY/Navy
PERMANENT SELECT COMMITTEE
ON INTELLIGENCE

WEB SITE: WWW.HOUSE.GOV/SKAGGS

The Honorable Reed Hundt
Chairman
Federal Communications Commission
1919 M St., N.W.
Washington, D.C. 20554

Dear Mr. Hundt:

As the Federal Communications Commission (FCC) implements the requirements of the Telecommunications Act of 1996 (PL 104-104), I urge the FCC to pay particular attention to the requirement for a Universal Service Fund and to make sure it is adequately funded.

In enacting the Telecommunications Act of 1996, the Congress intended that telephone service must be made available at reasonable prices to all customers -- including those in rural areas or other high-cost service areas. As you know, Colorado has a large number of such customers. Adequate funding of the Universal Service Fund is critical to ensure a decent level of telephone service throughout Colorado.

We all have an interest in universal telephone service. That service not only permits people in high-cost areas to have access to the telephone net, it also enables the rest of the population to have access to them.

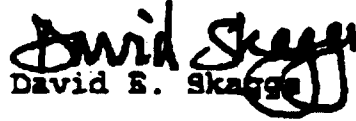
Creating a sufficient Universal Service Fund to meet the needs of high-cost Colorado areas is critical. All telecommunications providers must be required to contribute to the Fund monies. Any eligible service provider incurring high-cost expenses must be allowed to draw on the Fund, assuring universally affordable and available service.

Regulated carriers should be given the same opportunities to recover their cost of funding universal service as deregulated long distance and wireless carriers. Therefore, I urge the FCC to clearly define a cost recovery mechanism in its upcoming order.

The Honorable Reed Hundt
April 29, 1997
Page 2

I appreciate your consideration of my request, and I look forward to your response.

Sincerely yours,


David E. Skaggs

DES: mws

BEN NIGHTHORSE CAMPBELL
COLORADO

United States Senate

WASHINGTON, DC 20510-0605

March 10, 1997

Reed Hundt
Chairman, Federal Communications Commission
1919 M Street, NW
Washington, DC 20036

Dear Chairman Hundt:

As the Senior Senator from Colorado, wanting to maintain a strong telecommunications infrastructure for my constituents--consumers, businesses and telecommunications providers in the rural West and on Indian reservations-- I request that the FCC ensure a fully funded Universal Service Fund (USF), and that the agency respect the intent of Congress as you continue to fully implement the requirements of the Telecommunications Act of 1996.

In that legislation, Congress supported the main thrust of the USF... to ensure affordable telephone service for all Americans. Geography, terrain and low population densities demonstrate the need to keep telephone service affordable for Colorado constituents. I support an explicitly identified USF to serve the interests of my rural constituents.

When Congress adopted the new Telecommunications policy, ending the historic system of implicit subsidies for telephone service, it was with the intent that support needed for universal service be made explicit. That fund, established by the FCC, must be fully funded and available throughout Colorado..

Creating a sufficient Universal Service Fund to meet the needs of high-cost Colorado areas is critical. All telecommunications providers must be required to contribute to the Fund monies. Any eligible service provider incurring underlying high-cost expenses must be allowed to support the fund, assuring universally affordable and available service.

Regulated carriers should be given the same opportunities to recover their cost of funding universal service as deregulated long distance and wireless carriers. Therefore, I urge you and your colleagues at the Commission to clearly define a cost recovery mechanism in your upcoming order.

The overall value of telephone service will significantly diminish if such support is not forthcoming. Absent a well financed USF, the price of telephone service in high-cost areas of Colorado will increase dramatically. This is contrary to my understanding of the intent of Congress in its execution of the Telecommunications Act.

Please take steps to ensure a well funded Universal Service Fund. On behalf of my Colorado constituents, I thank you for your attention to this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Ray Lujan". The signature is fluid and cursive, with a large loop at the end.

Ben Ray Lujan
U. S. Senator

Congress of the United States
House of Representatives
Washington, DC 20515

November 19, 1997

To the Members of the Joint Board on Universal Service
Re: Protecting the Interests of Rural Consumers

Dear Joint Board Member:

Reforming our nation's universal service system is a tremendous challenge, and one that will have lasting implications for telephone consumers in our state of Washington and across the nation. In your work on the Joint Board, we are writing in particular to encourage you to protect the interests of rural consumers and to create a national high cost fund that sends support dollars where they are needed most.

We believe that a sustainable universal service support mechanism is more important as we enter this era of declining telephone subsidies — through federally mandated access charge reductions and new competition targeting the most profitable markets and services.

We understand that under the current formula for universal service support, 25 percent of the funding comes from federal sources, and 75 percent from the state. In the districts that we represent, which include some large rural areas, we are concerned about the impact of this funding formula on local phone rates and future network investment levels. It is our belief that universal telephone service is a national commitment requiring stronger federal support. We urge you to adopt a high cost fund that covers 100 percent of the subsidy above a predetermined national benchmark and keeps all Washington customers connected to the public telephone network at reasonable rates. Only with a national fund available to all high cost service providers can customers in our state be assured of affordable access to this vital communications link.

Thank you for your consideration of this matter. We hope you will join us in supporting a national solution for universal service.

Sincerely,


NORM DICKS, M.C.


GEORGE R. NETHERCUTT, Jr. M.C.


DOC HASTINGS, M.C.


ADAM SMITH, M.C.

Congress of the United States

Washington, DC 20515

November 7, 1997

The Honorable William Kennard
Chairman
Federal Communications Commission
Suite 814
1919 M. Street NW
Washington, DC 20554

Dear Chairman Kennard,

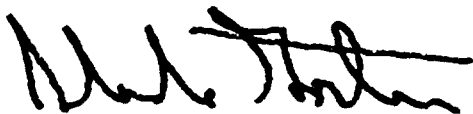
We welcome you to your new post as Chairman of the Federal Communications Commission and we look forward to working with you.

One issue we would like to bring to your attention concerns the fund for Universal Service to high-cost areas. Under the Telecommunications Act of 1996, Universal Service is a shared federal/state responsibility. We take the desire of states to help determine their role in Universal Service very seriously. Congress designed a Federal-State Joint Board on Universal Service to facilitate this involvement.

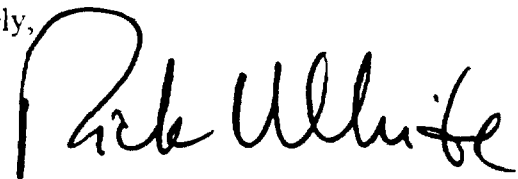
At the same time, Congress recognized an appropriate role for the Commission, which includes ensuring that the Universal Service Fund provides access to quality services at just, reasonable, and affordable rates for consumers in all regions of the nation. We are concerned, however, and we ask that you seriously consider whether or not the proposed mechanism for funding of Universal Service will disadvantage consumers in low population density states. It is our hope that consumers throughout the country will be treated in an equitable manner.

We urge you to look very closely at the structure of the high cost fund to ensure equitable treatment to consumers of telecommunications services nationwide.

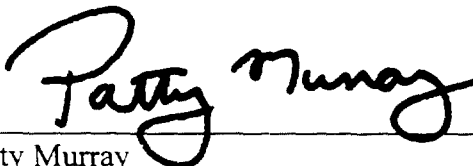
Sincerely,



Slade Gorton
U.S. Senator



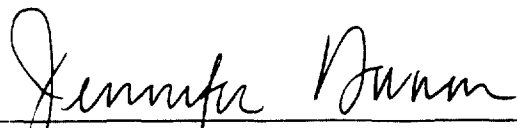
Rick White
U.S. Representative



Patty Murray
U.S. Senator



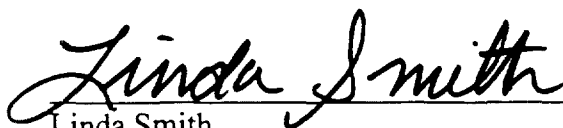
Norm Dicks
U.S. Representative



Jennifer Dunn
U.S. Representative



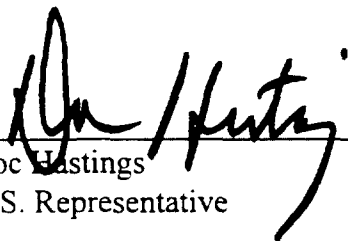
Adam Smith
U.S. Representative



Linda Smith
U.S. Representative



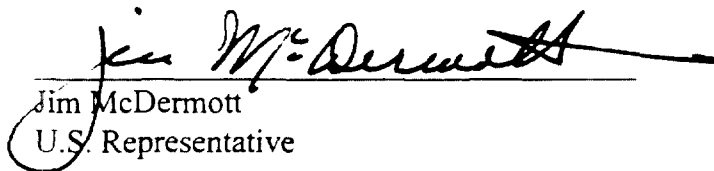
Jack Metcalf
U.S. Representative



Doc Hastings
U.S. Representative



George Nethercutt
U.S. Representative



Jim McDermott
U.S. Representative

Congress of the United States

Washington, DC 20515

July 29, 1997

Dear Joint Board Member:

As representatives of a largely rural state, we are concerned about the future affordability of telephone service in all areas of Iowa. We strongly encourage you to keep rural customers in mind as you continue your important work on the Universal Service Joint Board.


In Iowa, where the cost of providing telephone service is relatively high and the population is widely dispersed, universal service support is essential in maintaining a robust communications infrastructure and ensuring affordable access to the public telephone network.

The elimination of historic telephone subsidies, combined with competition in only the most profitable markets, puts upward pressure on current telephone rates. Unless an appropriate universal support mechanism is established, we fear that many customers in Iowa could see increased local phone prices and decreased investment in their telephone network.

We urge you to follow Section 254 of the 1996 Telecommunications Act that creates a national universal service fund high-cost fund that covers the subsidy appropriate to keep rates affordable for all Iowa customers, regardless of current service provider.

Universal service is a national goal requiring a national commitment. We appreciate your service on the Joint Board, and we look forward to reviewing the results of your work on this critical issue.

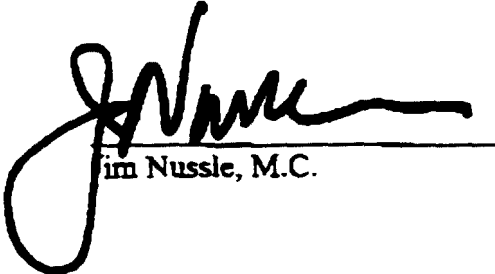
Sincerely,


Charles E. Grassley, U.S.S.


Tom Harkin, U.S.S.


Greg Ganske, M.C.

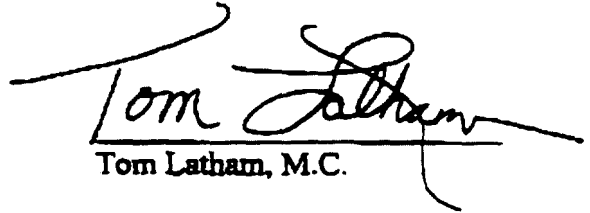

James A. Leach, M.C.



Jim Nussle, M.C.



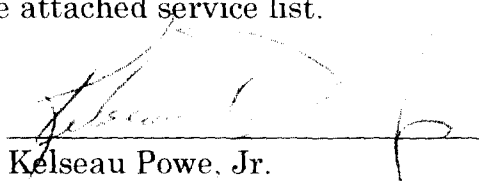
Leonard L. Boswell, M.C.



Tom Latham, M.C.

CERTIFICATE OF SERVICE

I, Kelseau Powe, Jr., do hereby certify that on this 26th day of January, 1998, I have caused a copy of the foregoing **COMMENTS OF U S WEST, INC. FOR THE COMMISSION'S REPORT TO CONGRESS** to be served, via hand delivery, upon the persons listed on the attached service list.



Kelseau Powe, Jr.

William E. Kennard
Federal Communications Commission
Room 814
1919 M Street, N.W.
Washington, DC 20554

Gloria Tristani
Federal Communications Commission
Room 826
1919 M Street, N.W.
Washington, DC 20554

Michael K. Powell
Federal Communications Commission
Room 844
1919 M Street, N.W.
Washington, DC 20554

Harold Furchtgott-Roth
Federal Communications Commission
Room 802
1919 M Street, N.W.
Washington, DC 20554

Susan P. Ness
Federal Communications Commission
Room 832
1919 M Street, N.W.
Washington, DC 20554

A. Richard Metzger, Jr.
Federal Communications Commission
Room 500
1919 M Street, N.W.
Washington, DC 20554

Sheryl Todd
Federal Communications Commission
8th Floor
2100 M Street, N.W.
Washington, DC 20554

Lisa Gelb
Federal Communications Commission
Room 544
1919 M Street, N.W.
Washington, DC 20554

(Including 3x5 inch diskette w/cover letter)

Melissa Waksman
Federal Communications Commission
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Washington, DC 20554

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